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## Algeria

### Market Development Reports

### Best Market Prospects

**2008**

**Approved by:**

Michael FAY  
U.S. Embassy, Algiers

**Prepared by:**

Nabila Hales

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**Report Highlights:**

Algeria offers growing opportunities for U.S. trade and investment. Demand for raw materials is high the agribusiness sector could benefit from U.S. expertise.

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Includes PSD Changes: No  
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## Executive Summary

Algeria is the second largest country in Africa. The energy sector provides most of its economic livelihood, accounting for about 98 percent of export earnings, 40 percent of GDP, and 60 percent of government revenue. It is the world's second largest exporter of liquefied natural gas.

Algeria is one of the largest importers of agricultural products in Africa, thus making it an enticing market. Agriculture is a rainfall-dependent sector and suffers from periodic drought for consecutive years. Agriculture represents an average of 10 percent of Algeria's GDP and provides a means of livelihood for at least 21 percent of the Algerian population.

Despite agriculture development program (PNDA) efforts, Algeria relies on imports to meet the need for most agricultural products. Algeria imported about \$4.8 billion of foodstuffs in 2007 (17 percent of total imports), of which 39 percent were cereals and grains, 22 percent were dairy products, 8 percent sugar and confectionaries.

Algeria receives about 52 percent of its total imports and 39 percent of foodstuffs come from the European Union. However, Algeria remains a potential market for the United States. Total Algerian imports from the U.S. reached about \$2 billion in CY 2007 and agricultural products accounted for about a quarter of the trade at \$520 million. This represents about 10 percent of total Algerian food imports. Major agricultural products imported from the United States include: corn (52 percent of the total), wheat (29 percent), vegetable oils (8 percent), soybean meals (3 percent), dairy (5 percent), and dried fruits (1 percent).

## Market structure and trends

Local private investment has risen sharply in recent years and taken over a substantial share of the agribusiness market from the public sector. Most of the agricultural imports are received by the private sector today. Private processors continue to grow and many processing plants appeared to offer products with lower prices by importing raw material. This is especially evident in milling, dairy products, edible oils and soybean products, as well snacks and beverages.

### Milling industry:

About 300 private and former state-owned mills currently operate with varying capacities. There is now a core group of new enterprises which focuses on imported grain and is increasingly interested in US wheat classes and expertise.

### Dairy Industry:

Despite efforts to expand the capacity of the dairy sector, dairy production remains about 1 million tons short of estimated need.

Algerian dairy production could benefit from improved management and better coordination of the milk collection network. Only 17 percent of fresh milk is collected for industry use, which goes generally to production of Camembert cheese or Brie.

The Algerian dairy sector relies on reconstituted milk. Fluid milk is produced from blended imported non-fat dry milk with anhydrous milk fat and sold in small plastic bags as pasteurized milk with government fixed price.

The private sector which represents about 70 percent of the dairy industry plays a dominant role in the sector. About 110 dairy plants operate in different regions of the country and need a total of 120,000 tons of powder per year. Nevertheless, the industry relies on imported

milk powder for about 85 percent of its needs. The latter has typically played a major role in the production of processed dairy products (yogurt, cheese, butter, sour milk, and dairy desserts). However, State-owned group Giplait remains leader in the pasteurized reconstituted milk market with about 38 percent share.

**Distribution:**

Since the economy was liberalized, consumers have become accustomed to seeing imported products and semi-processed products sold in stores and small private supermarkets. These opened after state-owned distribution channels were privatized in 1996. Consumers can now find bulk, packaged and high value products, both local and imported, in supermarkets. The super market industry is still in its infancy, however, and needs further development.

**BEST PROSPECTS FOR AGRICULTURAL PRODUCTS****1-Grain and Feed****Wheat**

Algeria is one of the world's largest importers of wheat (4 million MT imported per year minimum) and the largest importer of durum wheat.

Algeria imported 4.6 million metric tons total wheat in CY 2007 (\$1.28 billion) of which 1.3 million MT of durum wheat and 3.3 million MT of soft wheat. Algeria imported about 40 percent (0.53 Million MT) of durum and 80 percent (2.6 Million MT) of soft wheat from Europe. For the same year Algeria imported about 71,000 MT of durum and 414,000 MT of soft wheat from the United States.

US market share for durum declined significantly over the past years due to competition from French and Canadian wheat. Excellent durum yields and good quality crops, as well as proximity and good prices have enabled France to become the largest supplier of wheat to Algeria. Imports are mostly handled by the Algerian Office of Grains (OAIC) and some specialized bulk commodities importers.

**Corn**

Algeria imported 2.28 million MT of corn in CY 2007. United States is Algeria's principal supplier of corn with 1.16 million MT, followed by Argentina (1.09 MT) and France (11,000 MT). Demand for US corn should remain strong despite high world prices.

**Barley**

Barley is usually imported exclusively in small shipments by private importers from Europe and Eastern Europe because of the proximity and low freight costs. Algeria imported 56,000 MT of barley in CY 2007 from France and Germany. Algeria imported exceptionally 24,000 MT from U.S. because of drought in 2006.

**Soybean Meal**

Demand for soybean meal comes mostly from the poultry feed manufacture sector. Since there is no crushing plant in Algeria, and with the feed manufacture expansion, demand is expected to stay high. Algeria imported about 655,000 MT (\$204 million) of soybean meal in 2007. Major suppliers are Argentina and the United States.

**DDG's**

A new product for Algerian feed millers. Some imports occurred in early 2008 by feed importers and could grow further with technical assistance.

**2-Pulses**

Algeria imports an average of 160,000 MT of pulses per year depending on world prices, mostly from Canada, China, Mexico, Argentina, and Turkey. These pulses are mostly beans, lentils, chickpeas and beans for seeding. U.S. market share for pulses still represents only 2 percent in CY 2007 (3,700 MT), mostly chickpeas, lentils and beans for seeding.

**3-Vegetable Oil and Other Oilseeds Products**

Algerian oilseed cultivation is not well developed. Aside from olive oil production, which remains traditional, Algeria does not crush any oilseeds. Most of the commercialized oil is produced domestically from imported crude oil, which is refined locally. The most used oils are sunflower oil and olive oil. Soybean oil represents the second most commonly used oil in other industries, such as baked goods, pastry, chocolate, cheese, biscuits, chips, candies, cosmetics, and canned fish. Several new Algerian entrepreneurs are looking to increase production in the snack and soybean consumer goods industry. In addition to bakeries and biscuit industries, these newly established enterprises should generate increase in importation of raw materials.

Algeria imported about 612,000 MT (\$485 million) of crude vegetable oil and fats for food industry processing mostly from Argentina, Indonesia, United States and Malaysia. U.S. market share represent 8 percent of total imported with (49,500 MT of soybean oil and fats).

**4-Dairy Products (Non-fat Dry Milk, Whole Milk Powder, Butter oil, Butter, Cheddar Cheese)**

Algeria remains one of the largest importers of dairy products (\$1.06 billion in CY 2007). For the same year, about 50 percent of dairy was imported from EU countries. Non-fat dry milk is also imported from New Zealand, United States and Ukraine. Butter and Cheese are mostly imported from, New Zealand, and Australia. The United States has about 3 percent market share.

Imports from the United States rose to \$40 million in 2007 and there remains tremendous potential in this market despite complications in health certification which still needs to be ironed out between government certifying bodies.

**5- Export of Seafood Products to Algeria:**

Algeria is looking for partners in order to improve the seafood and fishing sector. Algerian consumes 3.2 kg of fish products per year per capita and produces 70,000 - 100,000 tons of fish per year. Most canned seafood sold in supermarkets is imported, as is frozen fish. Fresh fish is primarily sold in open markets.

Algeria has 15 ports for fishing and 50 percent of the flotilla is old. In the markets, seafood is very expensive and out of reach for many households. For example, prawns cost at least 1000 AD (\$15) per kilogram, and the most popular and cheapest seafood, sardines, cost 100 AD (\$1.51) per kilo.

**6-Other best prospects for sales**

## Turkey Poults

Algerian market is now open for U.S. day-pod Turkey poults and hatching eggs since the sanitary certification was recently agreed to between respective veterinary services.

## Dairy Cattle and Genetics

Because of health restrictions with some countries in Europe, Algeria could be a niche market for U.S. cattle and genetics. Health protocols for trade in live animals were established between the United States and Algeria in 1986 and are now considered outdated and need to be renewed.

PNDA program focuses on improving local dairy herd that need better nutrition and better herd management. A program was initiated to import 100,000 dairy cattle.

**Dried fruits, fruits and derivatives (Juices):** Algeria imported about 288,000 MT (\$220 million) of fruits and dried fruits. Even though U.S. market share is 1 percent, demand for U.S. fruits and dried fruits is growing.

**Frozen meat:** Algeria has opened its market to meat imports and could be a market for the United States if sanitary certificates are agreed upon. Because of BSE, Algeria has always imported beef and mutton from Brazil, Argentina, New Zealand, Uruguay, and Australia. Algeria imported 65,000 MT of frozen and refrigerated meat in 2007 mostly from New Zealand, Brazil and France.

**Frozen Fish:** Algeria imported \$15 million of seafood in 2007

## Cotton

Algeria's Textile industry used to be a good client of U.S. cotton in the nineties. Currently, the largest textile industry group is looking for 15,000 MT cotton supply per year.

## BEST PROSPECTS FOR INVESTMENT

Some other sectors represent best prospects for investment such as:

- Dairy livestock and industry/ integrated complex / U.S. management expertise
- Meat industry and derivatives (delicatessen and cooked meat, slaughterhouses)
- Food processing (Fruits, frozen vegetables and fruits, beverages)
- Packaging and Equipment for food processing industry
- Feed manufacturing and crushing plants
- Crops production (potatoes)